ISSUE # 106, 2026

DATA NOTE PLUS

National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services (1988–2023)

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INTRODUCTION

The data reported here are the core findings from the Institute for Community Inclusion's (ICI) National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services through FY 2023. These data focus on participation in integrated employment, community-based non-work, and facility-based services (both work and non-work). We requested data from all 50 states and the District of Columbia. Since FY 2020, a total of 49 states have reported these data, though the composition of this cohort has varied slightly across fiscal years.

METHODS

The ICI administers the National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services annually. We refer to this survey throughout the report as the "IDD survey." The IDD survey is part of a longitudinal study commissioned by the Administration on Community Living to analyze employment and day services trends. Data are available for services received between FY 1988 and FY 2023 for adults* with intellectual and developmental disabilities (IDD) and closely related conditions. Between 1988 and 2004, we administered the survey on a semi-annual basis. We began collecting data annually in 2007. The most recent version of the survey is focused on state IDD agency data for FY 2023. The survey was developed with input and field-testing support from state IDD agency administrators. All questions focus on employment or day services monitored by the state IDD agency, including services funded by another state agency (such as the Medicaid agency), even if the IDD agency does not provide or directly contract for the service.

The survey is designed to provide the following information:

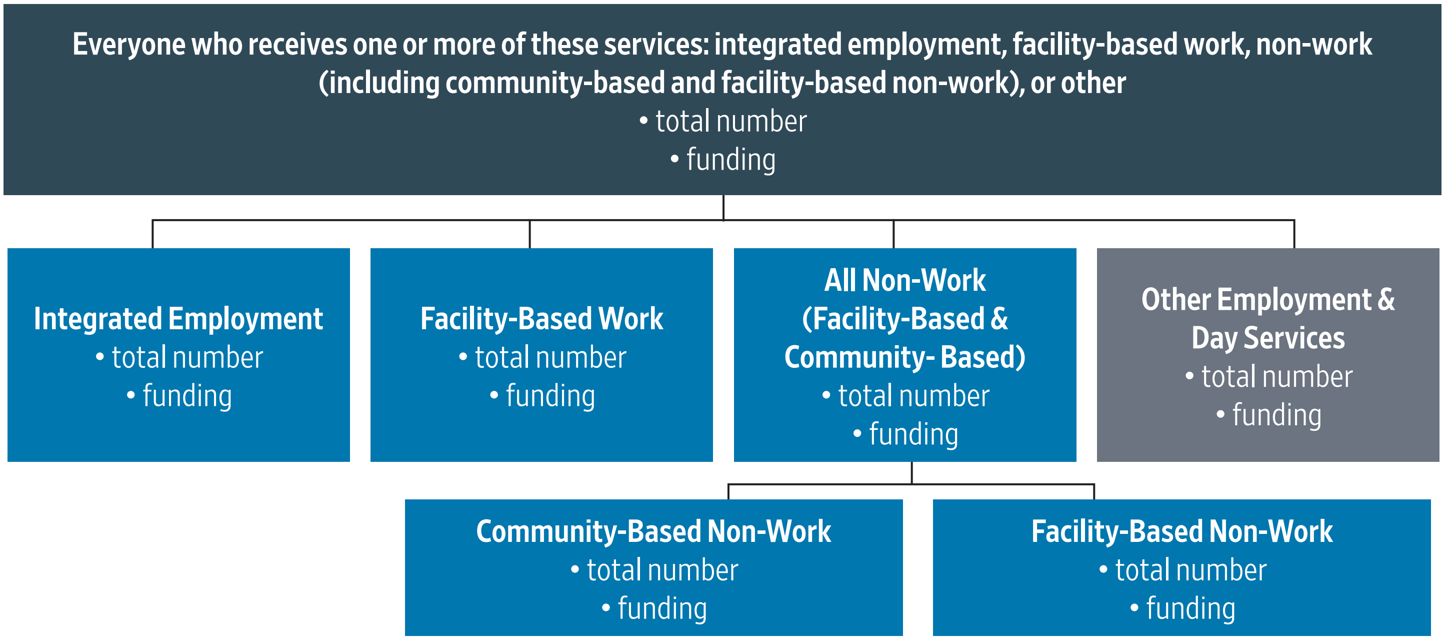
- Trends in the number of people served in integrated employment, facility-based employment, and facility-based and community-based non-work programs
- Trends in the number of people working in integrated jobs
- Funding sources being used to support employment and day services
- The allocation of funds across employment and day services

In 1996, we added the category of *community-based non-work services* to the survey. The most recent changes to the survey occurred during FY 2016 and then FY 2022 data collection. For FY 2016, we started asking states about the number of individuals they serve who are working for pay in jobs in the community, to distinguish between employment services and employment outcomes. Additionally, we have updated the definitions of

* For this survey, adults refer to individuals who are at least at least 18 years old and have excited IDEA services.

integrated employment services and *community-based non-work services* to emphasize the goal of an individualized community outcome. For the FY 2022 data collection, we revised how we collected data on *non-work services*. We now ask states to provide a total for all non-work services and if possible separate totals for *facility-based and community-based non-work services*. We made the same revisions when asking about funding for non-work services. This report represents the second iteration of collecting *all non-work services* data.

Figure 1. Taxonomy of the IDD survey



The survey requests data on the total number of individuals served in employment and day services during the fiscal year. If a state does not have the capacity to adjust for individuals who enter or exit the system during a fiscal year and can only provide the number served at the end of the fiscal year (or at some other specific point in time), there is a place on the survey to provide this information. States can report an individual in multiple service categories, so the total of the percentage served across services may sum to greater than 100%.

After a state has finalized its response to the survey, ICI staff review the data and follow up with states whose data shows an unexpected shift from previous years.

In a typical year, between 44 and 49 states complete the IDD survey. The authors estimate the national figures for the total number of people served in employment and day services and the total number of people served in integrated employment by estimating the missing data for states that did not complete the survey. The researchers use linear regression to estimate missing values. To increase stability of the estimates, we add data from the most recent literature available (State of the States in Intellectual and Developmental Disabilities). For the remaining national totals, we use the combined total of the survey and note the number of states reporting that particular year.

During each data collection period, there are several states that revise data that was submitted in the previous years. For that reason, the numbers within this report series may vary slightly over the years.

Table 1. IDD National Survey of Employment and Day Services Definitions

Type of Setting/ Service	Work	Non-Work
Community	**Integrated employment:** Integrated employment services are provided in a community setting and support or lead directly to the participant's paid employment. Specifically, integrated employment includes services that support entering or maintaining competitive employment, individual supported employment, group supported employment, and self-employment. Participation in integrated employment services does not necessarily mean an individual is employed. Individuals who receive an integrated employment service include those who are receiving services with an immediate goal of entering employment, such as job development, and those receiving long-term services to support maintaining employment.	**Community-based non-work:** Community-based non-work includes all services that are focused on supporting people with disabilities to access community activities in settings where most people *do not* have disabilities. It does not include paid employment.
Facility	**Facility-based work:** Facility-based work includes all employment services that occur in a setting where the majority of employees have a disability. These activities occur in settings where continuous job-related supports and supervision are provided to all workers with disabilities. This service category is typically referred to as a *sheltered workshop, work activity center, or extended employment program.*	**Facility-based non-work:** Facility-based non-work includes all services that are located in a setting where the majority of participants have a disability. These services do not involve paid employment.

ADDITION OF ALL NON-WORK SURVEY VARIABLES

For FY 2022 data collection, we revised our existing non-work variables to account for a state's ability to distinguish between *community-based non-work* and *non-work services that occur in a provider-owned facility that is not on an institutional campus.*

All non-work is defined in the survey as follows: Non-work services include all day services that support an individual to participate in activities in a community or in a program setting where they do not receive pay. Some states differentiate these services into *community-based non-work services* and *facility-based non-work services*. Other states do not have the ability to separate those services within their documentation system.

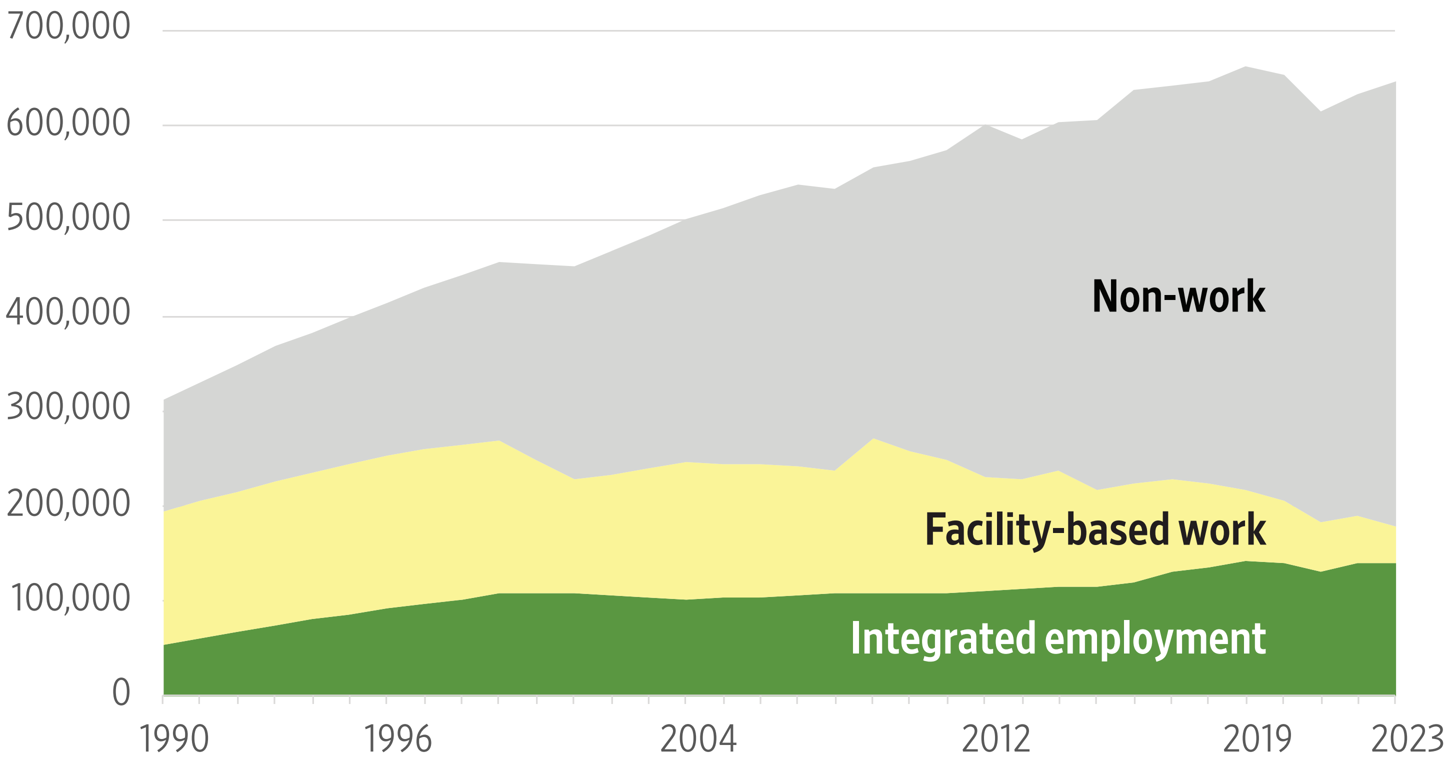
These new variables were designed to improve the accuracy of reporting. Over the years of collecting data, it became clear that many states do not have a mechanism in place to distinguish between non-work services that occur in the community and those that primarily occur in a provider-controlled setting. By incorporating the new variables, the IDD survey allows all states to accurately report all non-work services, and as a result, provides a clearer and more comprehensive picture of non-work services both nationally and at the state level. The states can still submit more granular data on community-based non-work services and facility-based non-work services if they track those numbers.

FINDINGS ON EMPLOYMENT AND DAY SERVICES

TOTAL NUMBER OF PEOPLE RECEIVING EMPLOYMENT AND DAY SERVICES FROM STATE IDD AGENCIES

Figure 1 demonstrates that in FY 2023, an estimated 646,601 individuals received employment and day services from state IDD agencies. It is a 2.2 % increase from the previous year's total number served (632,460 in FY 2022). In FY 2020 and the subsequent years, we observe a decrease in this number. However, overall, the number of individuals receiving employment or day supports is still much higher than in the past. For example, in FY 1999, 455,824 people received employment or day supports from state IDD program agencies.

FIGURE 1. NUMBER IN EMPLOYMENT AND DAY SERVICES IN FY 2023



Notes for Table 2 on following page

Footnote 1: n/a = data not available through the state IDD agency's data system

n/a* = service not provided by state IDD agency but is available through another state agency

0% indicates that the state IDD agency reported it did not provide this service during FY 2023.

Footnote 2: The researchers calculated national estimates for the total number of people served by state IDD agencies as well as the total number of people who received integrated employment services. For some states, data reported by service setting represent duplicated counts because individuals were served in multiple settings. **For these states, the percentage served across settings may add up to more than 100%.** Other services, including services for individuals who are elderly, are not reported.

TABLE 2. PARTICIPATION IN EMPLOYMENT AND DAY SERVICES BY STATE IN FY 2023

State	Total Served	Percent Integrated Employment	Percent Facility-Based Work	Percent All Non-Work	Percent Community-Based Non-Work	Percent Facility-Based Non-Work
AK	2,113	14.9%	n/a	99.1%	n/a	n/a
AL	4,244	7.4%	0.1%	93.7%	40.2%	53.4%
AR	5,903	1.0%	7.6%	99.4%	71.1%	51.6%
AZ	11,501	21.9%	5.2%	89.5%	n/a	89.5%
CA	96,254	20.8%	1.6%	84.7%	n/a	n/a
CO	16633	18.5%	1.2%	80.3%	50.9%	29.4%
CT	10,514	31.5%	n/a	68.5%	17.8%	50.5%
DC	1385	26.4%	3.0%	73.6%	38.3%	32.3%
DE	1,736	52.4%	10.9%	50.5%	7.8%	42.7%
FL	19,422	9.4%	n/a	40.5%	n/a	n/a
GA	12,047	13.4%	7.2%	79.4%	n/a	n/a
HI	2,479	4.6%	0	99.2%	73.9%	42.9%
IA	13,517	30.6%	1.3%	68.2%	n/a	n/a
ID	2,564	32.6%	n/a	55.5%	n/a	55.5%
IL	28,163	1.7%	n/a	98.3%	37.5%	48.5%
IN	19,603	10.3%	8.9%	n/a	n/a	n/a
KS	7,445	5.6%	29.1%	72.1%	72.1%	56.8%
KY	5,366	8.0%	15.3%	80.7%	66.8%	13.9%
LA	3,314	30.1%	3.7%	66.1%	n/a	n/a
MA	23,479	30.5%	0	n/a	37.3%	35.4%
MD	16,276	32.8%	0.6%	45.5%	47.2%	46.9%
ME	n/a	n/a	n/a	n/a	n/a	n/a
MI	9,001	37.0%	12.1%	66.0%	5.9%	60.1%
MN	46,566	19.2%	10.0%	70.8%	47.4%	23.4%
MO	7,179	18.9%	n/a	76.1%	24.0%	76.1%
MS	4,792	21.2%	n/a	78.8%	78.8%	n/a
MT	1,668	25.8%	n/a	82.9%	8.6%	74.3%
NC	14,116	29.5%	5.5%	86.8%	48.8%	2.8%
ND	2,045	39.0%	12.9%	86.3%	n/a	n/a
NE	4,476	14.1%	3.1%	94.2%	n/a	n/a
NH	n/a	n/a	n/a	n/a	n/a	n/a
NJ	22,362	10.2%	n/a	97.7%	64.1%	55.2%
NM	5,585	8.9%	0	91.1%	85.0%	16.8%
NV	2,160	18.8%	43.8%	37.4%	6.9%	30.5%
NY	53,895	19.0%	n/a	79.8%	23.6%	57.9%
OH	30,464	35.5%	37.3%	59.3%	39.0%	52.4%
OK	3,457	54.8%	42.4%	33.8%	33.8%	n/a
OR	6,666	57.1%	1.3%	57.2%	54.8%	21.5%
PA	30,705	19.4%	7.9%	82.9%	68.9%	39.9%
RI	4,369	42.1%	0	80.5%	80.5%	46.7%
SC	6,362	32.8%	33.1%	36.8%	11.7%	31.7%
SD	2,033	31.4%	0.9%	86.6%	n/a	n/a
TN	4,978	12.4%	n/a	97.8%	97.3%	9.6%
TX	23,781	5.7%	n/a	94.3%	n/a	n/a
UT	4,487	20.4%	7.8%	87.1%	n/a	n/a
VA	10,718	44.5%	2.4%	67.7%	26.6%	57.6%
VT	2,424	38.8%	0	93.7%	93.7%	0
WA	9,347	83.2%	0	22.4%	22.3%	0
WI	14,392	26.6%	21.5%	73.1%	22.3%	57.1%
WV	5988	2.2%	n/a	n/a	n/a	n/a
WY	1,732	11.3%	0	75.6%	25.6%	63.1%

INTEGRATED EMPLOYMENT

NUMBER OF PEOPLE RECEIVING INTEGRATED EMPLOYMENT SERVICES

Between FY 2018 and FY 2019, there was a slight increase (4.1%) in the national estimates of the number of individuals reported as receiving an integrated employment service from state IDD agencies. This number decreased by 0.8% in FY 2020 and dropped further by 7.3% in FY 2021. FY 2022 demonstrates an 8% increase in the estimated number of individuals receiving integrated employment services as compared to FY 2021 (FY 2021: 130,359 individuals, FY 2022: 140,771 individuals). In FY 2023, the estimated number of individuals receiving integrated employment services was 138,990, a 1.3% decrease from the previous year.

PERCENTAGE IN INTEGRATED EMPLOYMENT SERVICES

Between 2010 and 2016, the percentage of individuals engaged in integrated employment services hovered around 19% and has grown slowly since, reaching 21.4% in 2019. The percentage of people in integrated employment services remained similar in both FY 2020 (22.5%) and FY 2021 (22.1%). In FY 2022, the percentage of people in integrated employment services increased slightly to an estimated 22.3%. In FY 2023, the same percentage was slightly smaller: 21.5%. Overall, the numbers suggest the percentage of people in integrated employment has somewhat stabilized. It is noteworthy that multiple states communicated increased efforts to improve data systems and reporting, which was especially evident during the FY 2023 data collection. These enhancements have resulted in more accurate reporting, which may affect the fluctuation of these trends.

WHAT DO THE DATA TELL US ABOUT THE NUMBER OF PEOPLE WORKING?

In FY 2016, the IDD survey began asking states about their ability to provide data on the number of individuals—out of all people receiving employment or day services—working for pay in integrated community jobs, including competitive employment, individual supported employment, group supported employment, and self-employment.

In FY 2023, most states (n = 37) that responded to the survey reported collecting data on the number of individuals working for pay in the community. Table 3 shows that many of the individuals participating in any employment and day service also work for pay in the community. The table also shows the total number of people served and the total number of people in integrated employment services for FY 2023.

The relationship between the number of people participating in integrated employment services and the number of people working (out of all people receiving employment and/or day services) varies from state to state. This is possible because some states use IDD agency funds to provide job development and other direct supported employment pathway services to individuals who are not yet working, while in other states, the state VR agency provides these services.

The total number of individuals who worked in paid integrated employment in FY 2023 was 113,026, as reported by 38 states. In these states, 20.1% of individuals who received any employment and day service were working in the community in integrated jobs. This percentage is similar to the overall percentage of people receiving integrated employment services (21.5% nationally).

TABLE 3. INDIVIDUALS WORKING IN THE COMMUNITY IN FY 2023

State	Total Served	Total in Integrated Employment Services	Total Receiving Any Employment or Day Service and Working in the Community
AL	4,244	313	313
CA	96,254	20,049	20,049
CO	16,633	3,081	3,076
DC	1,385	365	365
FL	19,422	1,831	5,941
GA	12,047	1,613	1,366
HI	2,479	115	171
IA	13,517	4,130	4,130
ID	2,564	835	461
IL	28,163	491	491
KS	7,445	414	414
KY	5,366	429	429
MA	23,479	7,167	4,187
MD	16,276	5,338	4,800
MI	9,001	3,330	1,356
MN	46,566	8,940	6,472
MO	7,179	1,354	887
MS	4,792	1,016	363
ND	2,045	798	798
NE	4,476	631	631
NJ	22,362	2,285	2,221
NM	5,585	499	450
NV	2,160	406	406
NY	53,895	10,265	8,036
OH	30,464	10,805	10,805
OK	3,457	1,896	2,094
OR	6,666	3,806	3,675
PA	30,705	5,952	8,086
RI	4,369	1,838	1,057
SC	6,362	2,088	1,640
SD	2,033	638	638
TN	4,978	616	616
TX	23,781	1,355	730
UT	4,487	917	982
VA	10,718	4,773	4,773
VT	2,424	940	940
WA	9,347	7,781	5,355
WI	14,392	3,822	3,822

INTEGRATED EMPLOYMENT: CONCLUSIONS

As states continue to refine their implementation of Employment First policies, revise service definitions to reflect individual integrated employment in the community, and work to ensure compliance with the Home and Community-Based Waiver Services Settings Rule (2014), there is qualitative evidence that states are using a stronger definition of integrated employment. This has led to outcomes previously counted as integrated employment being reclassified to other service types. This indicates that the impact of state and federal policy change is stronger than the trend in integrated employment suggests. Overall, though, state investment continues to emphasize facility-based and non-work services, rather than integrated employment services, suggesting that there is a continued need to strengthen the overall infrastructure for employment services.

STATE-BY-STATE VARIATION MASKS GROWTH IN INTEGRATED EMPLOYMENT

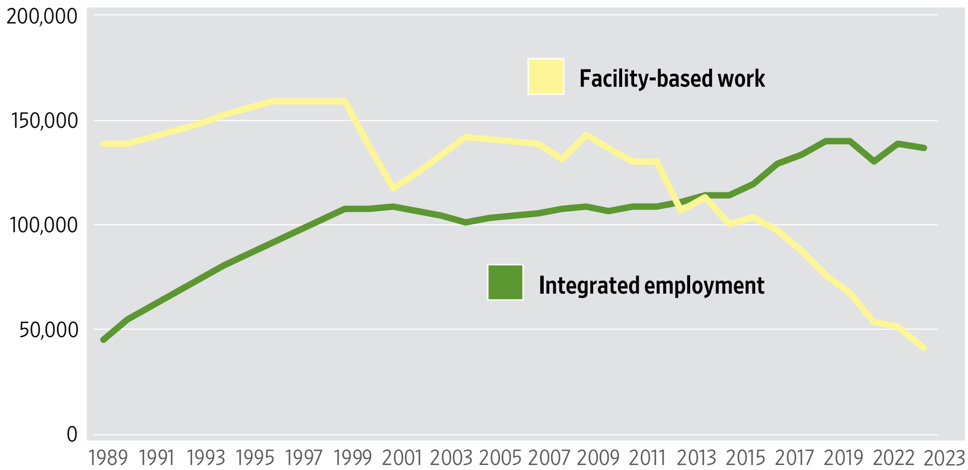
There is significant long-term variation in individual state-level changes in integrated employment. To demonstrate this variation, we examined data from the survey for 37 states that provided the total number of individuals served and the number of individuals in integrated employment services between 2007 and 2023. In that timeframe, 22 states reported an increase in the number of individuals in integrated employment services, with an average increase of 1,867 individuals and a median increase of 810 individuals (range: 25–9,815). States that reported increasing the number of individuals served in integrated employment by more than 500 individuals between 2007 and 2022 were California (CA), Colorado (CO), Delaware (DE), Massachusetts (MA), Maryland (MD), Minnesota (MN), Missouri (MO), Mississippi (MS), North Carolina (NC), New York (NY), Ohio (OH), Oregon (OR), and Washington (WA). Many states have engaged in strategic efforts and systematic changes to their service delivery system to make integrated employment the preferred service outcome for adults with IDD in their state. Yet the number of individuals reported as receiving integrated employment services declined in 15 states between FY 2007 and FY 2023, with an average reduction of 957 individuals and a median decrease of 728 individuals (range: 1–2,468).

FACILITY-BASED WORK

STATES ARE MAKING SIGNIFICANT EFFORTS TO REDUCE FACILITY-BASED WORK

As Table 2 indicates, in FY 2023, 19 of the reporting state IDD agencies did not report individuals in facility-based work services (this number does not include the states that did not submit any data in these years). However, this does not mean that those 19 states have eliminated all funding for facility-based work. A state's ability to report on facility-based work is impacted by service structure and state reporting capacity. Historically, many states had facility-based work services embedded within their facility-based non-work services, while other states place responsibility for facility-based work services outside of the state IDD agency. For instance, Missouri and New Jersey support facility-based work with state funds that are managed by other state agencies. To distinguish states that have eliminated facility-based work services, the table contains 0% for those states whose IDD agency did not provide the service in 2023 and "n/a" for states that indicated not being able to report on this specific service. Participation in facility-based work services has declined steadily since 1999 and reached a benchmark in 2013 when it dropped below participation in integrated employment. Overall, the number of individuals state IDD agencies reported as participating in facility-based work settings dropped by approximately 123,123 individuals between 1999 and 2023 (Figure 2).

FIGURE 2. CHANGE IN FACILITY-BASED WORK AND INTEGRATED EMPLOYMENT OVER TIME (FY 1988-FY 2023)



POLICY CONTEXT AND FACILITY-BASED WORK

Consistent with Table 2, there is also considerable variation across states in the number of individuals who are employed at less than minimum wage. Section 14(c) of the Fair Labor Standards Act authorizes employers to pay certain employees with disabilities less than the minimum wage. Participation in subminimum wage jobs has declined from an estimated 210,689 workers in 2013 to only 59,537 workers in 2023 and continues to decline, as this regulation and its use have come under increasing pressure from advocates and policymakers. As of January 2026, 16 states reported that they did not have any 14(c) workers, but eight other states reported that they each had over 2,000 14(c) workers (US Department of Labor, 2026). Eighteen states have established legislation or regulation that eliminates subminimum wage, and additional states are developing legislation or policy that prohibits subminimum wage employment for individuals receiving state-funded support (D. Hoff, personal communication, January 28, 2026).

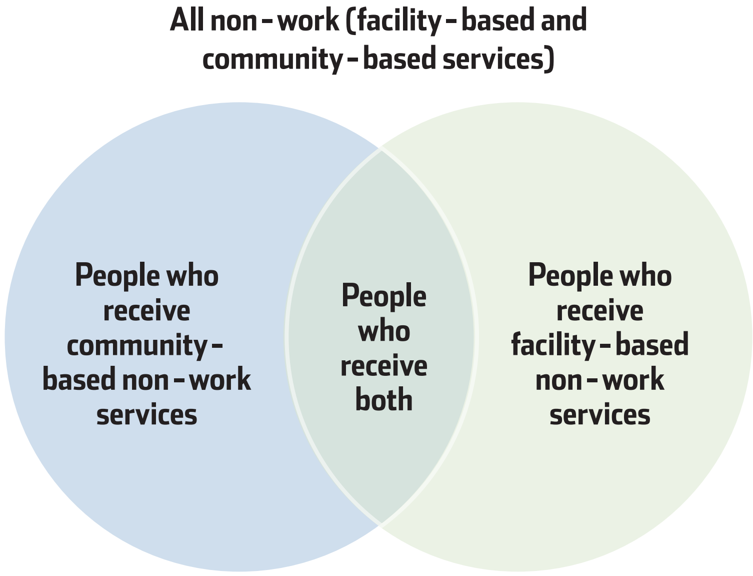
In addition to policy on subminimum wage, state IDD agencies are making other policy decisions to reduce the number of individuals in facility-based work services. For example, states are placing limitations on the time that an individual may receive facility-based work services, mandating regular reporting on progress toward competitive integrated employment, and requiring that an individual's service plan describe the specific skills that the person will gain in the sheltered workshop and how those skills will improve the likelihood that the individual will be employed in the community (SELN, 2023).

NON-WORK SERVICES

IF PEOPLE AREN'T WORKING, WHERE ARE THEY SPENDING THEIR TIME?

As illustrated in Figures 1 and 2, participation in facility-based work has steadily declined and growth has primarily been in non-work services. Non-work services include both **facility or center-based non-work activities** and **community-based non-work activities.**

As mentioned earlier, for FY 2022 data collection, we revised the way the survey collects data on non-work services. Two variables were added: "all non-work (facility-based and community-based), number served" and "all non-work (facility-based and community-based), funding". These additional variables allow a national comparison with the inclusion of states that do not have mechanisms in place to distinguish between *community-based* and *facility-based non-work.*



For FY 2023, 47 states reported combined non-work services numbers and funding. In this cohort of states, 77.5% of all people served received some kind of non-work service—community-based and/or facility-based. Since implementing the option for states to report a combined non-work total in FY 2022, we saw an increase in the number of states choosing this option compared to states that reported separate community and facility-based non-work counts. Researchers suspect that more states are reporting the combined number as a result of greater awareness of the programmatic and implementation requirements for community-based settings within the Centers for Medicare and Medicaid Services (CMS) Home and Community-Based Services (HCBS) Community Settings Rule.

Historically, **facility-based non-work** has been the most common activity individuals engage in, and 2023–2024 data from the National Core Indicators suggest this is still true, with 36% of individuals reporting participation in facility-based non-work activities and 22% in community-based non-work (National Core Indicators Project, 2025). Findings from the IDD survey reveal that in FY 2023, 34 states reported on their provision of facility-based non-work services. Two states reported not providing facility-based services at all, while for others it was missing data due to not having clear processes to track this type of service. Some states reported facility-based and community-based non-work as a combined, nonduplicated number.

Within the group of states who reported on facility-based non-work services, 43.2% of individuals served received this service.

Community-based non-work is defined in the survey as “services that are explicitly focused on supporting people with IDD to participate in individually chosen and scheduled activities and at locations in the community that members of the general community typically participate in and access.” Added to the survey as a service option in FY 1996, the number of states that report providing community-based non-work services has grown from 18 in FY 1996 to 34 in FY 2023. Nationally, reported participation in community-based non-work has grown steadily for states that report it as a service, from 18.7% in FY 1999 to 43.1% in FY 2023 of all employment and day services.

Nationally, reported participation in community-based non-work has grown steadily for states that report it as a service, from 18.7% in FY 1999 to 43.1% in FY 2023 of all employment and day services.

NON-WORK SERVICES: CONCLUSIONS

There is a limited amount of data on the structure, activities, and outcomes of community-based non-work services, and states have not established clear service expectations or quality assurance strategies (Sulewski et al., 2019; Sulewski et al., 2023). The rapid growth states report in community-based non-work services reflects a desire to improve the community presence of people with IDD, but the quality of the services being reported and the contribution of this service on a national level to authentic community engagement at the individual level remain unclear.

While some states report service requirements for how much time community-based non-work participants spend in the community, it is possible that some states have reclassified services from facility-based to community-based as the emphasis on community participation grows, even though substantial time is still spent in facility-based, provider-controlled settings. The trend toward community-based non-work services also raises concerns about the clarity of the service system's goals for community employment and we should ask why growth of this service type continues to outpace integrated employment.

Research by ICI staff on community rehabilitation providers (CRPs) has found that some CRPs are developing innovative ways to support individuals to be engaged members of their community to improve integrated employment outcomes. Sulewski et al. (2017) found four guideposts in high-quality Community Life Engagement (CLE) supports. These include 1) individualizing supports for each person, 2) promoting community membership and contribution, 3) developing relationships and building skills to decrease reliance on paid supports, and 4) ensuring that supports are outcome-oriented and regularly monitored.

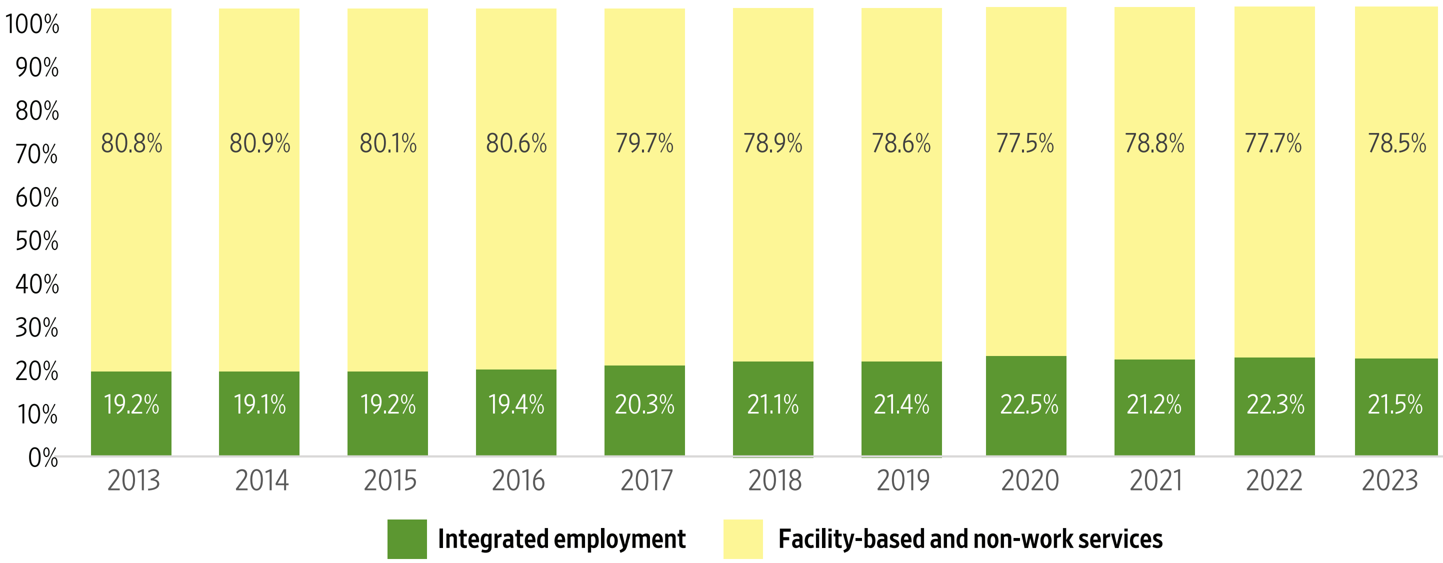
Based on findings from case studies of providers delivering quality CLE practices, individuals are being supported in volunteer work; postsecondary, adult, or continuing education; accessing community facilities, such as a local library, gym, or recreation center; participating in retirement or senior activities; and doing anything else people with and without disabilities do in their off-work time. Researchers also found that such activities support career exploration for those not yet working or those between jobs, supplement employment hours for those who are working part-time, or serve as a retirement option for older adults with IDD (Timmons & Sulewski, 2016). These findings serve as guidance for states and service providers seeking to increase and improve CLE. Guidance issued in 2022 by a federal interagency working group also emphasizes recognizing and expanding the role of community engagement in providing a pathway to employment (US Department of Education).

As emphasis on community-based non-work services grows and states focus on strengthening compliance with HCBS regulations, additional research is needed on how state IDD agencies are translating best practices at the provider level into state policy and quality service monitoring.

FACILITY-BASED AND NON-WORK SETTINGS

The percentage of individuals served in facility-based and non-work settings has stayed fairly stable since 2008, varying between 77.5% and 82%. The variability in the number of states that report data in these three individual service categories (facility-based work, facility-based non-work, and community-based non-work) limits our ability to pinpoint the specific setting in which growth is occurring. However, analysis using data from states that report data in each of the three service categories suggests that participation in facility-based work has steadily declined, and the percentage of individuals served in non-work settings is increasing.

FIGURE 3. ESTIMATED IDD AGENCY SERVICE DISTRIBUTION BY YEAR



*Percents displayed represent estimates for the number of people served in integrated employment nationally (in all 50 states and Washington, DC

SERVICE FUNDING

FUNDING FOR INTEGRATED EMPLOYMENT SERVICES CONTINUES TO LAG

States vary in their ability to report on funding for employment and day services by service setting. Figure 4 shows trends in funding allocation by service setting for states that reported these monetary figures. Facility-based and non-work settings continue to comprise the largest percentage of expenditures for employment and day services. Collectively, states allocated 90.9% of employment and day services funding in FY 2023 to services that are not integrated employment, including community-based non-work, facility-based work, facility-based non-work, and other services (n = 49). Overall, there has been little fluctuation over time in the percentage of funding allocated toward integrated employment, which peaked in 2001 at 16.6%, but otherwise has ranged between 9.1% and 13.6% in all other years since 1999.

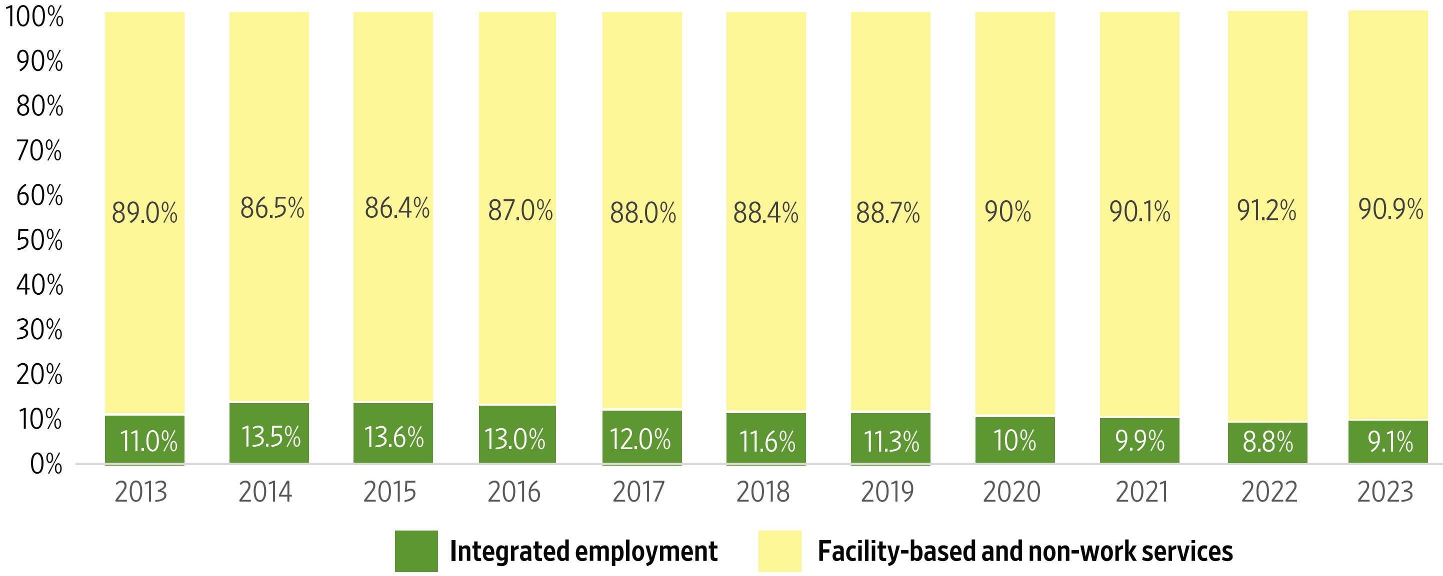
Facility-based and non-work settings continue to comprise the largest percentage of expenditures for employment and day services

In FY 2023, states that reported funding for integrated employment (n = 49) allocated only 9.1% of the funding for all employment and day services to integrated employment services. This number ranged between 11.3 % and 13% between 2015 and 2020, and a small drop is observed after FY 2020 (ranging between 8.8% and 10% in the FY 2020–FY 2023 time frame). A similar drop occurred during the same period that there was

Nationally, funding for employment and day services models do not prioritize integrated employment.

an increase in the number and percentage of people receiving an integrated employment service, which suggests that nationally, funding for employment and day services models do not prioritize integrated employment. We also observed an increase of states reporting these data (n = 47 in FY 2022 to n = 49 in FY 2023), which may have slightly affected these percentages.

FIGURE 4. PERCENTAGE OF ALL DAY AND EMPLOYMENT FUNDING BY YEAR



MEDICAID TITLE XIX WAIVER DOLLARS HAVE NOT TRANSITIONED TO INTEGRATED EMPLOYMENT SERVICES

Medicaid Title XIX Waiver funds are the largest sources of funds for employment and day services, representing 81.2 % of total reported funds in FY 2023 (n = 46). This is an increase from previous year's allocation, 75.8% in FY 2022. Historically, that percentage hovered around 80% of state employment and day services funds. The remaining funds are defined as "state, county, or local IDD funds" and "other (self-pay grants, Developmental Disability Council)." Anecdotal evidence from states suggests that the increase in non-Medicaid Title XIX Waiver funds reflects states' use of American Rescue Plan Act (ARPA) funds for pilot projects and infrastructure investments for services for people with IDD.

Medicaid Waivers as a funding source to support individualized integrated employment have received significant attention from policymakers and advocates in recent years. Based on recommendations from State Employment Leadership Network (SELN) member states, Centers for Medicare and Medicaid Services (CMS) released an information bulletin in September 2011, "1915(c) Waiver Technical Guidance Revisions." The bulletin emphasized the importance of integrated employment and person-centered planning and distinguished between pre-vocational and supported employment services.

The bulletin also discussed best practices in employment services. It split supported employment into two core service definitions—(1) individual and (2) small group (2–8 people)—and added a new core service definition for career planning (Kennedy-Lizotte & Freeze, 2012). As states continue to focus on the role of employment in their Medicaid HCBS Waiver under the Community Settings Rule, the guidance will continue to play a significant role in employment systems change.

In September 2015, CMS offered clarification to state Medicaid authorities on the development of reimbursement strategies to create incentives for integrated employment and specifically individual supported employment (Center for Medicare and Medicaid Services, 2015). Specifically, CMS clarified that benefits planning is an allowable service under Medicaid 1915(i) and 1915(c) Waiver authorities, and that states can develop pay-for-performance methodologies, including the use of outcome-based payment, tiered outcome payments based on level of disability, milestone payments in addition to fee-for-service, and payment for hours the individual works.

Additionally, many states are making use of technical assistance available through SELN, Administration on Community Living grants, and the Office of Disability Employment Policy to support the redesign of their Medicaid Title XIX Waivers to increase individualized integrated employment outcomes.

States vary in their ability to report Medicaid Title XIX Waiver funds on specific IDD agency services. As the number of states able to report these figures increases, it will be important to examine both the cross-sectional and trend data for this type of funding. For states that have been able to report these figures (n = 45), the allocation of these funds has varied based on year and service category: integrated employment, community-based non-work, facility-based work, and facility-based non-work.

EMPLOYMENT AND DAY SERVICES: CONCLUSIONS

- There continues to be evidence that **individual states are taking steps to reduce facility-based work**, and the number and percentage of individuals in facility-based work is declining. The national percentage for facility-based work was 16% in 2016 and 11.7% in FY 2023, which suggests a 4% decrease across five recent years.*
- Many states **lack the mechanism** for differentiating between community-based and facility-based non-work services but **can provide a combined, unduplicated number for all non-work services**.
- As community-based non-work services continue to grow, **more data is needed about the quality of outcomes, implementation of service delivery practices, and state service definitions**.
- **Funding for integrated employment services** continues to **lag behind** funding for other activities. State IDD agencies need ongoing guidance and support to redistribute funds toward integrated employment services.
- The **increased focus on data** was observed in the collection of FY 2023 data. States invest more time and effort to monitor and understand their data, and many invest in creating more robust data collection systems.

* States' ability to report facility-based work participation varies based on service definitions and other data sources available at the time of data submission. National percentages are based on the data submitted by states in a given year. Thirty-one states provided data for facility-based work in 2016, and 37 states provided data for facility-based work in 2023. These years are not directly comparable, but the overall percentage suggests possible trends over the years.

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ICI ThinkWork! State Data
INSTITUTE FOR COMMUNITY INCLUSION, UMASS BOSTON

Funding

This Data Note Plus is a product of ThinkWork! at the Institute for Community Inclusion, University of Massachusetts Boston, supported in part by the Administration on Disabilities, Administration for Community Living, US Department of Health and Human Services, under cooperative agreement #90DNPA0007. The opinions contained in this report are those of the grantee and do not necessarily reflect those of the funders.

DATA SOURCE

Institute for Community Inclusion's (ICI) National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services through FY 2023

Suggested Citation

Zalewska, A., & Winsor, J. (2026). *National Survey of State Intellectual and Developmental Disabilities Agencies' Employment and Day Services (1988–2023).* Data Note Plus 106. Boston, MA: University of Massachusetts Boston, Institute for Community Inclusion.